

FINANCE DIRECTOR

Fiscal Year 2011

The Finance Director is responsible for the coordination of all financial activities of the Town, managing and coordinating the activities of the Finance Department (Accounting, Assessing, Collections, and Treasury), development of operating and capital budgets and appropriate budgetary controls, and for effective financial planning and management of debt and debt policies. He also serves as the primary staff liaison to the Finance Committee, Joint Capital Planning Committee, and the Budget Coordinating Group.

FY 11 Budget

In March 2010, the voters in Amherst approved an operating override of \$1,680,441 for the fiscal year beginning July 1, 2010. Subsequent to that vote the Legislature approved state aid to the Town that was higher than the original estimates presented to voters at the time of the override. Consequently, the Town was able to set a tax rate that levied \$426,947 below the levy cap set by Proposition 2½. Overall local receipts, from fees, fines, and other charges were budgeted at levels consistent with previous years and the Town did not use any reserves (Free Cash) to balance the FY 11 budget. FY 11 continued a trend of reducing the Town workforce; there were 3.1 fewer Full-Time Equivalent employees on the payroll. Another significant factor contributing to a balanced budget was the Town's favorable experience with health insurance. The health insurance trust fund had strong balances, and claims data for the year had been modest enough that it was possible to keep the health insurance rate increase to 3% for active employee plans and to a zero percent increase for retiree plans, notwithstanding industry rate increases of 10% or higher. The fiscal year closed with a surplus of \$1.1 million, which was equal to 1.8% of revenue. These figures are consistent with surpluses over the past five years. The largest part of the surplus (58%) derived from revenues that came in over original projections, particularly full-year realization of the hotel/motel and meals taxes originally implemented during FY 10, increases in fines and forfeits as the result of a newly enacted noise by-law and enhanced Police enforcement, and some one-time sources of revenue, such as the receipt of premiums on bond sales and Medicaid reimbursements. Departments expended 99.2% of their budgets, resulting in a turnback of \$467,589. The chief sources of these turnbacks were from vacant positions, particularly in Public Safety departments that typically take many months to review and fill, and from the fact that through reasonable budgeting and a lack of extraordinary events, it was necessary to use only \$15,000 of the \$100,000 reserve fund, the remainder of which reverted to surplus.

Bond Sale

In March 2011, the Town conducted a very successful bond sale, selling \$5 million in bonds, \$4.5 million of which was for General Fund road repair projects and the remainder for acquiring the Hawthorne property for conservation purposes, using Community Preservation Act funds to repay the bond. The interest rate on the bonds was 2.2%.

Staff Changes

In December, 2010, John Musante was appointed Town Manager, after serving for many years as the Assistant Town Manger/Finance Director. Claire McGinnis increased her duties as Town Collector by assuming new duties as the Town Treasurer as well. In February 2011, Sanford Pooler began serving as the Finance Director.

As the newly appointed Finance Director, I want to acknowledge the hardworking employees in the Finance Department who perform necessary, critical, and often thankless work in the Accounting, Tax Collection, Assessing, and Treasury functions in support of Town services. I have found them to be highly skilled and profession, dedicated to their jobs, and willing to solve the problems and challenges that often arise in these offices. Their success has been acknowledged by our independent auditors who report timely and accurate financial reporting, strong cash management and investment practices, and sound internal controls. Other indicators include our strong tax collection rates (regularly in excess of 98% annually) and accurate and equitable property tax assessments with abatements well below 1%. I am happy to report that the Town's finances are well managed by this excellent staff.

Submitted by,
Sanford M. Pooler
Finance Director